

THE AGE OF ENTREPRENEURSHIP: HOW THE EDUCATION IN
MALAYSIA AFFECTS YOUTH ENTREPRENEURIAL
CHARACTERISTICS.

BY

YAP KEK ONN

OPEN UNIVERSITY MALAYSIA

**THE AGE OF ENTREPRENEURSHIP: HOW THE
EDUCATION IN MALAYSIA AFFECTS YOUTH
ENTEPRENEURIAL CHARACTERISCTICS**

BY

YAP KEK ONN

Project Paper Submitted in Partial fulfillment of the requirement for the Degree of
Master of Business Administration

Open University Malaysia
(2006)

DECLARATION

Name : YAP KEK ONN

Matric. Number : CGS 00002301

I hereby declare that this project paper is the result of my own work, except for quotations and summaries, which have been duly acknowledged.

Signature:  Date: 24 - 02 - 2006

YAP KEK ONN

MBA

2006

OUM

APPLICATION TO CONDUCT RESEARCH PAPER

PART A: STUDENT'S PARTICULAR

1. Name of Student: Yap Kek Onn
2. Matric. Number: CGS 00002301

PART B: PARTICULAR ABOUT THE PROJECT

1. Title of the Project: *The Age of Entrepreneurship: How the education in Malaysia affect youth entrepreneurial characteristics*
2. Research Objective: *To find out how the education in Malaysia affect Malaysian youth / student toward personal entrepreneurship development*
3. Proposed Research Method:
 - I. Research Design: *Questionnaire*
 - II. Population and sample: *Klang Valley and Selangor*

PART C: FACULTY'S INPUT

1. Topic chosen: Acceptable / Not Acceptable
2. Suggested supervisor for the student:

RESEARCH PROPOSAL APPROVAL FORM

Name of Student : Yap Kek Onn
Matriculation No : CGS 00002301

Director
Center for Graduate Studies
Open University Malaysia

Dear Sir,

Attached are the following documents of your evaluation and approval:

- I. Chapter 1: Introduction
- II. Chapter 2: Literature Review
- III. Chapter 3: Methodology
- IV. Chapter 4: Results
- V. Chapter 5: Discussion
- VI. Chapter 6: Summary of Finding
- VII. Chapter 7: List of References
- VIII. Chapter 8: Appendix

I have thoroughly checked my work and I am confident that it is free from major grammatical errors, weaknesses in sentence construction, spelling mistake, referencing mistakes and others. I have checked with CGS Guideline for Writing Project Papers and I am satisfied that my project paper proposal satisfied most of its requirements.

Thank You,

Student's Signature: _____



I have read the student's research proposal and I am satisfied that it is in line with the CGS Guideline for writing project proposal. It is also free from major grammatical errors, sentences construction weaknesses ,citation and others.

Supervisor's Signature: _____



PROJECT PAPER / CASE STUDY SUBMISSION FORM

Name of Student : Yap Kek Onn
Matriculation No : CGS 00002301

Director
Center for Graduate Studies
Open University Malaysia

Dear Sir,

Attached are the following documents of your evaluation and approval:

- I. Chapter 1: Introduction
- II. Chapter 2: Literature Review
- III. Chapter 3: Methodology
- IV. Chapter 4: Results
- V. Chapter 5: Discussion
- VI. Chapter 6: Summary of Finding
- VII. Chapter 7: List of References
- VIII. Chapter 8: Appendix

I have thoroughly checked my work and I am confident that it is free from major grammatical errors, weaknesses in sentence construction, spelling mistake, referencing mistakes and others. I have checked with CGS Guideline for Writing Project Papers and I am satisfied that my project paper proposal satisfied most of its requirements.

Thank You,

Student's Signature: _____



I have read the student's research proposal and I am satisfied that it is in line with the CGS Guideline for writing project proposal. It is also free from major grammatical errors, sentences construction weaknesses ,citation and others.

Supervisor's Signature: _____



TABLE OF CONTENT

TABLE OF CONTENT	1
ACKNOWLEDGEMENT	3
ABSTRACT.....	4
CHAPTER 1:	5
INTRODUCTION	5
1.1. BACKGROUND OF THE STUDY	5
1.1.1. Start-Ups Rate in Malaysia	7
1.1.2 Cultural and Demographic Factors	9
1.2. RESEARCH PROBLEM (S).....	11
1.3. OBJECTIVE OF THE STUDY.....	13
1.4. SIGNIFICANCE OF THE STUDY	14
1.5. DEFINITIONS OF THE TERMS.....	15
1.6. LIMITATION OF THE STUDY	17
CHAPETR 2:	20
LITERATURE REVIEW	20
2.1. ENTREPRENEURSHIP DEVELOPMENT	20
2.2. ENTREPRENEURSHIP EDUCATION	22
2.3. ENTREPRENEURSHIP CHARACTERISTIC	24
CHAPTER 3:	29
RESEARCH METHODOLOGY	29
3.1. RESEACH DESIGN.....	29
3.1.1. Type of Research.....	29
3.1.2. Rationale for Selection of Type of Research.....	31
3.2. STUDY POPULATIONS AND SAMPLING PROCEDURE.....	32
3.2.1. Target population	32
3.2.2. The Sampling Frame.....	34
3.2.3. Procedure for Selecting Random Locations for Sampling	35
3.3. OPERATIONAL DEFINITIONS.....	37
3.4. INSTRUMENTATION.....	39
3.5. DATA COLLECTION PROCEDURES.....	41
3.6. MEASURES	43
3.7. DATA ANALYSIS.....	45
3.8. ANALYSIS OF DATA.....	48
CHAPTER 4:	49
RESULTS	49
4.1. TOTAL RESPONSE	49
4.2. SOCIO DEMOGRAPHIC CHARACTERISTICS.....	52
4.3. DESCRIPTIVE STATISTICS (COMPARING GROUPS).....	54
4.4. ANALYSIS OF COMBINATIONS OF 3 VARIABLES	59
4.5. HYPOTHESES TESTING (SINGLE MEAN)	65
4.6. HYPOTHESES TESTING (TWO INDEPENDENT MEANS)	67

4.7. ONE-WAY ANALYSIS OF VARIANCE	72
CHAPTER 5:	76
DISCUSSION	76
5.1. RESEARCH OBJECTIVE	76
5.2. DISCUSSION	77
5.3. LIMITATION OF THE STUDY	80
5.4. IMPLICATION FOR THE STUDENT TOWARD THE ENTREPRENEURIAL ACTIVITY	81
5.5. ADVANTAGES OF ENTREPRENEURIAL CHARACTERISTICS	82
5.6. RECOMMENDATION	83
CHAPTER 6:	85
SUMMARY OF THE FINDING	85
6.1. SUMMARY OF THE FINDING	85
6.2. CONCLUSION	86
CHAPTER 7	88
LIST OF REFERENCES	88
7.1. BOOK	88
7.2. WEBSITE	89
CHAPTER 8	91
APPENDIX	91
APPENDIX 1 – SAMPLE QUESTIONNAIRE	91
APPENDIX 2 – DATA & OUTPUT	95

ACKNOWLEDGEMENT

I would like to take this opportunity to express my appreciation and gratitude to my supervisor, Datuk Dr. Abdul Kuddus Ahmad for his valuable guidance, advice and patience. He is an understanding and encouraging person and has assisted me in completing my thesis as scheduled.

I would also like to acknowledge some other people that have also facilitated and guided me while I am conducting my thesis.

- ❑ To all the respondents, my sincere thanks for the information and willingness to take part in the questionnaires during the research.
- ❑ To my beloved sister cum best friend, Jennifer Khoo, for providing constant feedbacks as my personal grammar editor.
- ❑ To my beloved family, for their constant support and encouragement towards my study in the master program.
- ❑ To my classmate, Simon Teo, for his generous nature in sharing his knowledge with me during the progress of the research.

THANK YOU VERY MUCH!!!

ABSTRACT

The development of entrepreneurship, as both concept and activity, has been growing in importance in Malaysia. It has been said that the essence of entrepreneurship is in the creation and growth of new firms, whether out of necessity or opportunity. According to the latest statistics provided by the Registrar of Companies, there are 585,471 legally registered companies in Malaysia. As there were only approximately 366,000 companies that were registered in 1995, this represents a huge rise in the figure. The importance placed upon entrepreneurship as one of the new engines of growth for Malaysia's economy can be seen through the sheer amount and variety of supporting mechanisms and policies that exist for entrepreneurs. This includes a variety of funding schemes, physical infrastructure such as business and entrepreneur parks, as well as business incubators and advisory services. The question remains as to what strategies Malaysia should use to strengthen further its entrepreneurial base and competitive edge in the knowledge based era?

CHAPTER 1:

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

In a world where ideas drive economies, it is no wonder that innovation and entrepreneurship are often seen as inseparable soul. The governments of Malaysia is starting to realize that in order to sustain progress and improve a country's economy, the people have to be encouraged and trained to think exclusive and be constantly developing an innovative and creative products or services. The once feasible ways of doing business are no longer guarantees for future economic success!

In response to this unavoidable change, young people are educated by infusing imaginative idea and innovation in their nation's educational curriculum. In the same way, they are putting huge emphasis on the need to guide future entrepreneurs through infusing entrepreneurship components within the educational system. Malaysia is one of the countries, recently have taken this initiative to a higher level by introducing entrepreneurship education and encouraging them to be future entrepreneurs when they are of age.

With this change in mindset and the relative knowledge that entrepreneurs bring forth increased job creations, the awareness and academic studies of entrepreneurship have also heightened. In many tertiary institutes,

many courses of entrepreneurship and innovation are being developed and offered to cater to the increasing demand. The term "entrepreneurship" has also evolved with numerous variations. The proliferation of jargons, such as netpreneur, biotechpreneur, technopreneur and multipreneur are coined to keep up with the ever-changing times and business conditions that surround the business world.

In view of these changes, it is important that the definition of entrepreneurship be refined or redefined to enable its application in this 21st century. Without the proper definition, it will be laborious for policymakers to develop successful programs to inculcate entrepreneurial qualities in their people and organizations within their country.

This project paper will include a summary of the definitions of entrepreneurship provided by me in this subject area. It will also expand on one of the definitions by Joseph Schumpeter, Drucker, and Swoboda, my personal favorite, to create a better understanding of the definition of the term "entrepreneurship" as applied in today's business world.

1.1.1. Start-Ups Rate in Malaysia

At present, there are 679,873 (Companies on register at end of period) legally registered companies and 2,886,911 (Businesses on register at en of period) registered businesses in Malaysia based on the latest Registrar of Companies (ROC) data. Within this year, there are 3,095 companies on registered and 15,300 businesses on registered. (Refer Table 2 and compare figure with Table 1.1)

1992	1993	1994	1995	1996	1997	1998	1999	2000
23,247	30,988	43,571	43,238	43,143	40,720	18,825	27,756	16,155

Table 1.1. Trends in Business Establishment (Number) *

Let's review back to the year before 1999. The people who started the business are becoming lesser and lesser (Refer Table 1.1). This maybe caused by many related factors such as bad economic. However, it is also a good change to the young and potential entrepreneurs to find out the problem in the market to supply the demand. According to the Ministry, 23,247 businesses were established in 1992 and the figure has been steadily progressing, reaching a high of 43,571 in 1994. There was an enormous drop in the number of new businesses set up in 1998, when the effect of the Asian crisis became more apparent. Nevertheless, there is evidence of a slight rebound beginning in 1994. It can be said that the rate of business

* Note: Six months for 2000.

Source: Ministry of Entrepreneur Development cited in Ariff and Lim (2001).

start-ups reflects the economic cycles that Malaysia goes through
(Refer 1.1).

BUSINESS & COMPANY REGISTRATION				
2004	Compani es on register at end of period	Compani es on registered during period	Businesse s on register at end of period	Businesse s on register during period
January	640,847	2,607	2,696,503	14,098
February	643,625	2,778	2,711,202	14,699
March	647,276	3,650	2,729,457	18,255
April	651,095	3,820	2,747,597	18,140
May	654,210	3,115	2,763,957	16,360
June	657,715	3,505	2,779,913	15,956
July	661,179	3,464	2,797,655	17,742
August	664,225	3,046	2,813,539	15,884
September	667,698	3,473	2,830,018	16,479
October	670,969	3,271	2,844,983	14,965
November	673,331	2,362	2,856,203	11,220
December	676, 778	3,447	2,871,611	15,408
January 2005	679,873	3,095	2,886,911	15,300

Table 1.2. Companies and Businesses Registration for year 2004 and beginning of 2005

1.1.2 Cultural and Demographic Factors

The general characteristic of the public toward entrepreneurship and the understanding and support of the importance of entrepreneurship in society are key social and cultural norms. In several European countries for instance, the study was very clear that society's negative posture with respect to creativity, innovation and change significantly reduced the number of people engaged in starting new firms.

In the Malaysian case, and at the risk of over-generalization, it can be said that on an individual level, characteristic toward enterprise creation have been formerly divided along racial lines, although the situation is beginning to change as the whole of Malaysian society begins to modernize and social reformation begins to take effect. Historically, the Chinese have had a long tradition of entrepreneurship, and their community members have less resistance to the whole notion of entrepreneurship. In fact, the handing over of family businesses from father to son was the norm for these groups.

This was in contrast to the Bumiputera community who, as a whole, did not have a tradition of entrepreneurship. Rather, they were used to being either employed in the government service, or self-employed as agricultural farmers or smallholders. Nevertheless, there

were exceptions to the rule where Bumiputeras were involved in business, although the numbers were relatively small.

Since the late 1980s and the beginning of 1990s, attitudes toward entrepreneurship have indeed enhanced. At the nationwide level, the government's recent focus on creating the Bumiputera Commercial Industry Community (BCIC), and in corresponding an entrepreneurship culture, has had some effect in civilizing attitudes toward entrepreneurship, especially among the Bumiputeras. The prestigious and celebrity status attached to successful millionaire Bumiputera entrepreneurs of the late 1990s, such as Halim Saad of the Renong Group, Tajudin Ramli of TRI, and Wan Azmi of Land and General, also went some way in changing attitudes towards entrepreneurship among the Malays. This group of successful millionaire Bumiputera entrepreneurs became the new "role-models" for the Malays, especially those who had battled for the country's independence.

Perhaps more important than simple attitudinal change has been the series of government policies ranging from privatization to the encouragement of small and medium-scale industries (SMI) development, which helped to create the conditions and opportunities for entrepreneurship to grow.

1.2. RESEARCH PROBLEM (S)

The first step to this process is to clearly identify the problem that needs to be study and to consider what possible methods that will provide feasible solutions based on the previous study.

The scope of the entrepreneurial education is too wide, but hard to find it in Malaysia.

- ❑ Entrepreneurial education is a wide and huge international topic. There is a lot of information that can be found on that topic on the Internet with most of the issues related to the entrepreneurial education for United State of America. However, it is hard to find out more detailed information about entrepreneurial education in Malaysia, as it is still not popular in the country.
- ❑ Sample size of the research is too huge to analyze
- ❑ As the entrepreneurial education in Malaysia is not famous, the education provided to the resident is unpredictable. Malaysia has set up more than 14 universities (private and government) and 20 colleges (famous and recognized) in whole country to date. It is very hard to select and cover every area in the country.
- ❑ What are the attitudes and the personalities that the young people toward entrepreneurship today?

- ❑ The result may not accurate based on the specific territory.
Kuala Lumpur and Selangor are the only sample sizes that
was used in the research study.
- ❑ Too many characteristic of entrepreneurship that difficult to
identify which suite to fill in for the research.

There are several characteristics that an entrepreneur must have such
calculated risk taker, confident, high-achievement and so on. Nevertheless,
too many characteristics are hard to determine the variable that was use for
analyzing.

- ❑ Can the education in Malaysia make any improvement for
this research?
- ❑ How the young people from the colleges and universities
perceive the education system and entrepreneurship?

1.3. OBJECTIVE OF THE STUDY

It is important to identify and encourage the potential and talented Malaysian youths for long-term economic and social development. However, the impact of the education in Malaysia can affect the development of the entrepreneurial talent at the collegiate and university level. The importance of education level for young Malaysians can determine the future growth.

The purpose of this research is used to verify the education system toward characteristics among the intermediate level students in Malaysia. These characteristics are vital in identifying the potential student to be a successful entrepreneur, which will benefit Malaysia's economic growth in the future. It clearly defines that some characteristics are a MUST in order to become a successful entrepreneur. For instance, some examples of characteristics that are must have includes like self-confident, self-motivation, self-esteem, internal locus of control, creative, innovation and other unique characteristics. All these characteristics are subjected by the education level or education system provided by the Malaysia's government. Besides, the uniqueness of the characteristic of an entrepreneur also can affect the attitude, personality and behavior on the student. Base on the student survey, this clearly defines how much and what level of the students' expectation on the education in their colleges and universities. Apart from that, it's also able to take this opportunity to study the characteristics of a student learning to be an entrepreneur.

1.4. SIGNIFICANCE OF THE STUDY

The purpose of this study is use to provide information about the characteristics of youth in Malaysia. This study also attempts to report on what is the reason behind the minds of Malaysian youths on the entrepreneurial education.

The intent of the study is two fold. First, the study was designed to provide an interpretation of youth characteristics in Malaysia, and help to understand the effect and status of the education system in Malaysia. From this study, it has to learn about the entrepreneurial characteristics, behaviors, mindsets, and personalities that exist in youth in Malaysia. Through the information found, it is able to identify how youths understand the term of “entrepreneurship” that existed a long time ago in Malaysia. Beside, it is also able to increase the knowledge on youth in Malaysia about “entrepreneurship”.

The second intent of this study is to provide information to the young Malaysians on the important of “entrepreneurship” and how it can affect the growth of Malaysia’s economic, social and politic in the near future. This information may be use to determine their future and understand their current status. The information may encourage or persuade the young Malaysians to obtain further and detailed information, which can contribute to the society and improve the entrepreneurial initial activity.

1.5. DEFINITIONS OF THE TERMS

The original term 'entrepreneurship' is found from the French word *entreprendre*, which means 'to undertake'. In a business context, it means to start a business. An entrepreneur is also one who organizes, manages, and assumes the risk of the business or enterprise. The concept of the entrepreneurship has a wide range of meanings. On the one hand, an entrepreneur is a person of very high aptitude who pioneers change, process characteristics found in only a very small fraction of the population. On the other extreme of definitions, anyone who wants to work for him-self or her-self is considered to be entrepreneur.

One of the best definitions on entrepreneurship is one coined by *Joseph Schumpeter (1934)*. He stated that the entrepreneur is one who applies "innovation" within the context of the business to satisfy unfulfilled market demand. In elaboration, he saw an entrepreneur as an innovator who implements change within markets through the carrying out of new combinations. The carrying out of new combinations can take several forms: 1) the introduction of a new good or standard of quality; 2) the introduction of a novel method of production; 3) the opening of a new market; 4) the acquisition of a new source of new materials supply and; 5) The carrying out of the new organization in any industry. In the view of *Drucker (1985)*, he perceived entrepreneurship as the creation of a new organization, regardless of its ability to sustain itself, let alone make a profit. The notion of an individual who starts a new business venture would be sufficient for him/her

to be labeled as an entrepreneur. It is this characteristic that distinguishes entrepreneurship from the routine management tasks of allocating resources in an already established business organization. Though the definition tends to be somewhat simplistic in nature, it firmly attaches the nature of entrepreneurial action with risk-taking and the bearing of uncertainty by the individual (Swoboda, 1983).

From my position, all successful entrepreneurs possess at least one fundamental ability, quality, skill or interest, without which they would never be able to be successful. Entrepreneurs possess the ability to perceive the world as a system. Without a doubt, every entrepreneur worth his or her salt is a "systems thinker"*. They could not do what they do without it.

* a systems thinker is one who intuitively and sees the whole of a thing, the entirety of it, the oneness of it, the integrated unity of it, as opposed to merely the sum of its parts

1.6. LIMITATION OF THE STUDY

This study has several limitations that affect the credibility of the research. These limitations relate to: (a) trustworthiness of survey data. (b) relatively small sample size and restricted nature of the population studied; and (c) generalizability of quantitative research. As discuss each in turn, it reports on ways in which I attempted to minimize each limitation's potentially negative effect on the credibility of the research.

The first possible limitation to the credibility of this study has to do with the nature of survey data. These are the major problems with the survey data:

- ❑ A methodology relying on standardization forces the method to develop questions general enough to be minimally appropriate for all respondents, possibly missing what is most appropriate to many respondents.
- ❑ Surveys are inflexible in that it requires the initial study design (the tool and administration of the tool like SSPS) to remain unchanged throughout the data collection.
- ❑ After the research, it must ensure that a large number of the selected sample will reply.
- ❑ It may be hard for participants to recall information or to tell the truth about a controversial question.